

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer

ITEM NUMBER: 12

ATTACHMENT(S): 6

ACTION:

DATE OF MEETING: August 5, 1998

INFORMATION: X

PRESENTER(S): Mr. Mitchell

The following is a summary of the developments in the financial markets that have occurred between July 1, 1998 and July 23, 1998.

1. The yield on the 30 year U.S. Treasury bond has increased from 5.62% to 5.68%.
2. The market level of the S&P 500 Index has increased from 1,133 to 1,151.
3. The U.S. dollar has strengthened compared to the yen (139 to 140) while remaining unchanged compared to the pound sterling (163 to 163) and mark (179 to 179).
4. The Federal Reserve Board of Governors meeting was June 30 and July 1. The level of short term interest rates remained unchanged at 5.50%.

NOTE: Attachment #1, pages 1 and 2 are not available in electronic format at this time.

California State Teachers' Retirement System
Off Balance Sheet Transactions
For the period ended June 30, 1998

Attachment I
Page 3

<i>Currency Hedging - Market Value (amounts in millions)</i>						
Managers	Pacific Basin		European		Total	
Active International	\$1,214.91	15.7%	\$ 4,217.64	4.2%	\$5,432.55	6.8%
Passive International	\$3,348.92	14.1%	\$ 8,143.88	3.1%	\$11,492.80	6.3%
Global	\$ 145.14	4.6%	\$ 1,095.66	18.9%	\$1,240.80	17.2%
* Does not include emerging market securities, Canadian stocks, cash or accruals.						

<i>Currency Realized Gains/(Losses) (amounts in millions)</i>			
Managers	Currency Realized Gains/(Losses)		
	1 Month	1 Year	Since Inception
Active International	\$7.86	\$43.74	\$128.71
Passive International	\$19.69	\$125.95	\$461.50
Global	\$0.07	\$5.30	\$94.56

<i>Securities Lending Income</i>			
Asset	Current Fiscal Year 7/97-6/98		Prior Fiscal Year 7/96-6/97
	vs.		
Domestic Equity	\$12,080,043		\$7,371,863
International Equity	\$19,126,821		\$16,249,938
US Treasury	\$16,457,359		\$19,006,510
Other Fixed Income Securities	\$1,763,117		\$2,722,752
Total Income	\$49,427,340		\$45,351,063

<i>Securities Lending (On-Loan/Collateral Summary)</i>			
Asset	Securities On-Loan	Collateral Valuation	Percent
Domestic Equity	\$2,769,785,376	\$2,873,226,457	104%
International Equity	\$3,040,260,758	\$3,175,209,123	104%
US Treasury	\$8,788,222,677	\$8,965,390,998	102%
Other Fixed Income Securities	\$895,027,645	\$913,987,225	102%
Total Value	\$15,493,296,456	\$15,927,813,803	103%

NOTE: Attachment # 2 is not available in electronic format at this time.

California State Teachers' Retirement System
Global Managers
As of June 30, 1998

TC46 BARING INTERNATIONAL INVESTMENT LTD.					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$28,760,846	\$21,808,450	(\$32,722,547)	\$17,846,749	2.03%
Europe	\$234,676,736	\$164,801,787	(\$63,049,461)	\$336,429,062	38.21%
Canada	\$0	\$4,289,253	\$0	\$4,289,253	0.49%
Emerging Markets	\$49,121,748	\$4	\$0	\$49,121,752	5.58%
Total Non-Dollar	\$312,559,330	\$190,899,494	(\$95,772,008)	\$407,686,816	46.30%
United States	\$156,692,482	\$148,277,123	\$95,772,008	\$400,741,613	45.51%
Total Invested	\$469,251,812	\$339,176,617	\$0	\$808,428,429	91.81%
Cash/Receivable/Payable				\$72,149,558	8.19%
Total Assets				\$880,577,986	100.00%

TC47 BRINSON PARTNERS, INC..					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$46,715,416	\$17,413,943	\$64,415,382	\$128,544,741	16.37%
Europe	\$143,008,762	\$210,332,982	(\$99,013,139)	\$254,328,605	32.39%
Canada	\$5,906,350	\$24,041,639	(\$11,885,088)	\$18,062,901	2.30%
Emerging Markets	\$0	\$0	\$0	\$0	0.00%
Total Non-Dollar	\$195,630,528	\$251,788,564	(\$46,482,845)	\$400,936,247	51.06%
United States	\$96,908,253	\$204,419,233	\$46,482,845	\$347,810,331	44.29%
Total Invested	\$292,538,781	\$456,207,797	\$0	\$748,746,578	95.35%
Cash/Receivable/Payable				\$36,485,699	4.65%
Total Assets				\$785,232,277	100.00%

TC48 FIDUCIARY TRUST COMPANY INTERNATIONAL					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$25,532,034	\$4,906,238	(\$25,037,823)	\$5,400,449	0.59%
Europe	\$215,252,274	\$127,589,647	(\$45,312,028)	\$297,529,893	32.37%
Canada	\$5,046,875	\$0	\$22,925,379	\$27,972,254	3.04%
Emerging Markets	\$19,015,268	\$8,987,815	(\$6,924,985)	\$21,078,098	2.29%
Total Non-Dollar	\$264,846,451	\$141,483,700	(\$54,349,457)	\$351,980,694	38.29%
United States	\$303,972,970	\$177,273,599	\$54,349,457	\$535,596,026	58.26%
Total Invested	\$568,819,421	\$318,757,299	\$0	\$887,576,720	96.55%
Cash/Receivable/Payable				\$31,693,958	3.45%
Total Assets				\$919,270,676	100.00%

GLOBAL MANAGERS SUMMARY					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$101,008,296	\$44,128,631	\$6,655,012	\$151,791,939	5.87%

California State Teachers' Retirement System**Global Managers****As of June 30, 1998**

Europe	\$592,937,772	\$502,724,416	(\$207,374,628)	\$888,287,560	34.36%
Canada	\$10,953,225	\$28,330,892	\$11,040,291	\$50,324,408	1.95%
Emerging Markets	\$68,137,016	\$8,987,819	(\$6,924,985)	\$70,199,850	2.72%
Total Non-Dollar	\$773,036,309	\$584,171,758	(\$196,604,310)	\$1,160,603,757	44.90%
United States	\$557,573,705	\$529,969,955	\$196,604,310	\$1,284,147,970	49.68%
Total Invested	\$1,330,610,014	\$1,114,141,713	\$0	\$2,444,751,727	94.57%
Cash/Receivable/Payable				\$140,329,215	5.43%
Total Assets				\$2,585,080,939	100.00%

California State Teachers' Retirement System
Internal S&P 500 Portfolio

On April 1, 1998, California State Teachers' Retirement System began internal management of a \$1 billion S&P 500 portfolio. The portfolio's investment objective is to provide investment results that equal the total return of the S&P 500 Index. Table 1 below is a progress report for the month of June 1998.

Table 1

	Portfolio	Comparative Index	Difference
Total Return for Month	4.070% ¹	4.062% ²	+0.008%
Total Market Value	1,041 (\$ mil.)	8,981 (\$ bil.)	--
Exchange Representation			
NYSE	460	460	0
NASDAQ	37	37	0
AMEX	3	3	0
P/E Ratio	28.68	28.68	0
Dividend Yield	1.41	1.41	0

Total Return Since April 1, 1998	3.330% ¹	3.312% ²	+0.018%
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¹ Portfolio return was calculated by State Street Bank Analytics.

² The comparative index is the S&P 500 Index. The total return for the comparative index was calculated by Wilshire Associates.

NOTE: Attachment #5 is not available in electronic format at this time.

NOTE: Attachment #6 is not available in electronic format at this time.